

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

COCHRANE-DUNLOP HARDWARE, LIMITED

An Operating Company incorporated under the Laws of the Province of Ontario by Letters Patent dated July 19, 1909

CUMULATIVE REDEEMABLE PREFERENCE SHARES OF \$25.00 PAR VALUE
 CLASS A SHARES WITHOUT NOMINAL OR PAR VALUE
 COMMON SHARES WITHOUT NOMINAL OR PAR VALUE

(Certificates transferable in Toronto)

CAPITAL SECURITIES AS AT DECEMBER 1, 1946

STOCKS	No. of Shares Authorized	No. of Shares Outstanding	No. of Shares To Be Listed
Preference—par value of \$25.00.....	24,000	18,000	18,000
Class A—without nominal or par value.....	53,370	53,370	53,370
Common shares—without nominal or par value..	160,110	106,740	106,740
FUNDED DEBT		Authorized	Outstanding
3% ten year serial debentures.....		\$300,000.00	\$300,000.00

Toronto, Ontario,
 December 1, 1946.

1. COCHRANE-DUNLOP HARDWARE, LIMITED (hereinafter referred to as the Company) hereby makes application for listing on the Toronto Stock Exchange, 18,000 cumulative redeemable preference shares, par value \$25.00 each; 53,370 Class A shares without nominal or par value, and 106,740 common shares without nominal or par value, all of which preference, Class A and common shares are issued and outstanding.

2. NATURE OF BUSINESS

The Company carries on the business of hardware merchants serving the lumbering, mining, contracting and pulp and paper industries and other industries and businesses. The Company handles over 40,000 different items.

3. HISTORY

The Company was incorporated in 1909 under the name Cochrane Hardware, Limited, to acquire as a going concern the business of wholesale and retail hardware merchants then being carried on by the late Honourable Frank Cochrane at Sudbury, Ontario, which business the late Mr. Cochrane had operated continuously since 1890. In 1909 the business was expanded to include branches at Copper Cliff, North Bay and Sault Ste. Marie. In 1926 the Company acquired the hardware business carried on under the name of Dunlop & Company Limited at Pembroke, Ontario, and the name of the Company changed to Cochrane-Dunlop Hardware, Limited.

In 1936 a branch was opened at Geraldton, Ontario, and in 1937 the established hardware business of Fife Hardware Company at Fort William was acquired and a branch established in that city.

In 1941 a branch was opened at Hudson, Ontario, and in 1944 a substantial interest acquired in the established business of Wells and Emerson Limited at Port Arthur, which now operates under the name of Cochrane Hardware (Port Arthur) Limited. In 1944 a wholesale hardware branch was opened at Toronto.

In 1946 a subsidiary company, Cochrane-Dunlop Hardware (Quebec) Incorporated was formed and a branch opened at Val d'Or, Quebec.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

4. AUTHORIZED AND ISSUED CAPITAL

The authorized capital of the Company consists of 24,000 cumulative redeemable preference shares of the par value of \$25.00 each and 53,370 Class A shares without nominal or par value and 160,110 common shares without nominal or par value. Of the said authorized capital, 18,000 preference shares and 53,370 Class A shares and 106,740 common shares have been issued as fully paid and non-assessable and are presently outstanding.

5. ORGANIZATION AND CAPITAL CHANGES

The Company was incorporated under the Ontario Companies Act by Letters Patent dated 19th day of July, 1909, with an authorized capital of \$250,000.00 divided into 2,500 shares of the par value of \$100.00. By Letters Patent dated 31st day of July, 1913, the capital of the Company was increased from the sum of \$250,000.00 to \$500,000.00 by the creation of an additional 2,500 shares of the par value of \$100.00 each. By Supplementary Letters Patent dated 24th day of December, 1925, the capital of the Company was further increased from the sum of \$500,000.00 to \$1,000,000.00 by the creation of 5,000 shares of the par value of \$100.00 each, of which 1,000 shares were Class A preference shares and 1,000 Class B preference shares. Prior to the issue of the Supplementary Letters Patent hereinafter referred to the Class A preference shares were all issued and were subsequently redeemed and cancelled and the Class B preference shares and 2,663 common shares were unissued and 5,337 common shares were issued as fully paid and non-assessable. By Supplementary Letters Patent dated 26th day of October, 1946, the 1,000 unissued Class B preference shares and the 2,663 unissued common shares were changed into 14,652 cumulative redeemable preference shares of the par value of \$25.00 each and the capital of the Company increased by the creation of an additional 9,348 cumulative redeemable preference shares of the par value of \$25.00 each, and in addition, the 5,337 issued common shares of the capital stock of the Company were changed into 53,370 Class A shares without nominal or par value and 106,740 common shares without nominal or par value and the capital of the Company further increased by the creation of an additional 53,370 common shares without nominal or par value.

6. NO PERSONAL LIABILITY

All the capital stock which is issued and outstanding is fully paid and non-assessable and no personal liability attached to ownership.

7. STOCK PROVISIONS AND VOTING POWER

See pages 7-10.

8. OPINION OF COUNSEL

Opinion of Zimmerman, Blackwell & Haywood, Barristers and Solicitors, 372 Bay Street, as to the proceedings relating to incorporation and organization of the Company, as to the validity of its securities and the fact that they are fully paid and non-assessable, is on file with the Toronto Stock Exchange.

9. DIVIDENDS

The following are the particulars of dividends paid on the former common shares of the par value of \$100.00 since the year 1937:

<i>Year Ended</i> <i>Feb. 28 or 29</i>		<i>Common Stock</i>
1937	8%	\$40,776.00
1938	8%	40,776.00
1939	8%	40,776.00
1940	6%	30,582.00
1941		nil
1942	10%	50,970.00
1943	15%	76,455.00
1944	15%	76,455.00
1945	5%	25,485.00
1946		nil

10. OPTIONS AND UNDERWRITING

There are no outstanding underwriting options or sale agreements or conversion privileges or purchase warrants or other contracts or agreements of a like nature save and except the following:

The preference shares are redeemable by the Company in whole or in part on thirty days' notice at \$26.25 per share and accrued dividends, or by the purchase of such shares in the open market or by private contract at a price of but not exceeding the redemption price hereinbefore specified. The Class A shares are convertible share for share into common shares at the option of the holders at any time up to November 15, 1956, and in the event that 90% of the Class A shares are converted into common shares, then all the remaining Class A shares may at any time, at the Company's option, be converted into common shares on the same basis.

11. PROPERTIES

The Company owns its own warehouse and/or stores in Toronto, Sudbury, North Bay and Sault Ste. Marie. In addition, the Company leases additional premises for the purposes of its business in Toronto, Sudbury, Copper Cliff, North Bay, Geraldton, Hudson, Sault Ste. Marie and Fort William. Through its subsidiary Cochrane-Dunlop Hardware (Quebec) Incorporated the Company leases a warehouse at Val d'Or, Quebec. Cochrane Hardware (Port Arthur) Limited leases store premises at Fort William.

12. SUBSIDIARY AND AFFILIATED COMPANIES

The Company has a fully owned subsidiary, Cochrane-Dunlop Hardware (Quebec) Incorporated, which carries on the same business as the Company.

Cochrane-Dunlop Hardware (Quebec) Incorporated is incorporated under the laws of the Province of Quebec with an authorized capital of 400 shares of the par value of \$100.00 each, all of which shares

have been issued and are fully paid. All the said issued shares save and except director's qualifying shares are held by Cochrane-Dunlop Hardware, Limited.

Cochrane Hardware (Port Arthur) Limited is incorporated under the Ontario Companies Act with an authorized capital of 10,000 seven per centum (7%) cumulative redeemable preference shares of a par value of \$10.00 each and 10,000 common shares without nominal or par value, all of which preference shares have been issued and are fully paid and are held by Cochrane-Dunlop Hardware, Limited, and 1,003 of the said common shares have been issued and are fully paid and are held by individuals.

13. LISTING ON OTHER STOCK EXCHANGES

The shares of the Company are not listed on any other Stock Exchange.

14. SECURITIES COMMISSION REGISTRATION

No shares are being offered to the public at this time by the Company. All the requirements of the Ontario Securities Commission on the previous sales of the shares have been complied with.

15. FISCAL YEAR

The fiscal year of the Company ends on the last day of February in each year.

16. ANNUAL MEETING

The annual meeting of the Company is held at the City of Toronto, Ontario, on a day in each year fixed by the directors of the Company, usually in the month of April or May each year.

17. HEAD OFFICE

The head office of the Company is located at Sudbury, Ontario.

18. FUNDED DEBT

Authorized.....	\$300,000.00
Issued.....	300,000.00
Outstanding.....	300,000.00

3% ten year serial debentures dated as of the first day of November, 1946, maturing to the extent of \$30,000.00 on the first day of November in each of the years 1947 to 1956 inclusive, bearing interest from the first day of November, 1946, at the rate of 3% per annum payable half-yearly on the 1st days of May and November in each year.

The said debentures are redeemable at the option of the Company in whole or in part as to all debentures outstanding but not less than all of the outstanding debentures of any one maturity, on thirty days' notice with a premium of 1% if redeemed on or before the first day of November, 1951, and a premium of one-half of 1% if redeemed after the first day of November, 1951, and prior to maturity. The Company may purchase the said debentures at any time on the public market or by private contract, at any price or prices not exceeding the redemption price at the time of such purchase.

The said debentures are secured by a floating charge on all the assets of the Company under deed of trust dated as of November 1st, 1946, made by the Company in favour of Montreal Trust Company, Trustee.

19. EMPLOYEES

As of the date of this application, the Company employs approximately 350 people.

20. AUDITORS

The auditors of the Company are Arthur A. Crawley & Company, Chartered Accountants.

21. TRANSFER AGENT AND REGISTRAR

The London and Western Trusts Company Limited at its Toronto office is the transfer agent and registrar of the Company.

22. TRANSFER FEES

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

23. OFFICERS

Name	Position Held	Address
Wilbur C. Cochrane.....	President.....	Toronto
William W. Henderson.....	Vice-President and General Manager.....	Toronto
George E. Fumerton.....	Secretary-Treasurer.....	Toronto

24. DIRECTORS

Wilbur C. Cochrane.....	Toronto, Ontario
William W. Henderson.....	Toronto, Ontario
Robert L. Blackburn.....	Ottawa, Ontario
Alex. B. Gordon.....	Toronto, Ontario
Harry I. Price.....	Richmond Hill, Ontario
George W. Rayner.....	Toronto, Ontario
Oliver Hall.....	Toronto, Ontario

25. CERTIFICATE

Pursuant to a resolution passed by the Board of Directors the applicant Company hereby applies for a listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof certify that the statement and representations made in this application and the documents submitted in support thereof are true and correct.



COCHRANE-DUNLOP HARDWARE, LIMITED

"W. C. COCHRANE," President.
"G. E. FUMERTON," Secretary.

FINANCIAL STATEMENTS

INTERIM PRO FORMA BALANCE SHEET

AS AT AUGUST 31, 1946

After giving effect as at that date to:

1. The proposed issue of Supplementary Letters Patent changing the present authorized but unissued Preference and Common Shares into 14,652 Cumulative, Redeemable, Preference Shares of \$25.00 par value each and changing 5,337 issued Common Shares of \$100.00 par value each into 53,370 Class "A" Shares, no par value, and 106,740 Common Shares, no par value, and increasing the authorized capital by 9,348 Cumulative, Redeemable, Preference Shares of \$25.00 par value each, and 53,370 Common Shares, no par value.
2. The proposed issue and sale of 18,000 Cumulative, Redeemable, Preference Shares of \$25.00 par value each—\$450,000.00.
3. The proposed issue and sale of \$300,000.00 3% Serial 1 to 10 year debentures.
4. The retirement of the Company's bank loans.

ASSETS

CURRENT ASSETS:		
Cash on hand and in banks.....	\$ 205,795.04	
Accounts receivable (after reserve of \$82,900.00).....	786,183.25	
Inventory of merchandise.....	1,123,188.24	
TOTAL CURRENT ASSETS.....		\$2,115,166.53
CASH SURRENDER VALUE OF LIFE INSURANCE.....		14,100.00
INVESTMENTS.....		75,001.00
ADVANCES TO COCHRANE-DUNLOP HARDWARE-QUEBEC, INC.....		62,936.60
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....		46,008.60
DEFERRED CHARGES.....		24,486.58
FIXED ASSETS:		
Land.....	\$ 67,100.00	
Buildings and equipment.....	\$493,485.04	
Less: Reserve for depreciation.....	294,052.13	
		199,432.91
Furniture, fixtures and equipment.....	\$159,919.19	
Less: Reserve for depreciation.....	80,977.56	
		78,941.63
TOTAL FIXED ASSETS.....		345,474.54
		<u>\$2,683,173.85</u>

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.....	\$ 512,188.93	
Reserve for Dominion profits taxes.....	70,593.90	
TOTAL CURRENT LIABILITIES.....		\$ 582,782.83
DEFERRED LIABILITIES:		
3% Serial debentures maturing \$30,000.00 annually on November 1, 1947 to 1956 inclusive.....		300,000.00

CAPITAL AND SURPLUS

SHAREHOLDERS:		
Cumulative Redeemable Preference Shares:		
Authorized—24,000 shares (par value \$25.00 each).		
Issued—18,000 shares (par value \$25.00 each).....		450,000.00
Authorized:		
53,370 Class "A" shares (no par value).		
160,110 Common shares (no par value).		
Issued:		
53,370 Class "A" shares (no par value).....		533,700.00
106,740 Common shares (no par value).....		
Surplus.....		816,691.02
		<u>1,350,391.02</u>
		<u>\$2,683,173.85</u>

AUDITORS' CERTIFICATE

We have examined the above interim pro forma balance sheet of Cochrane-Dunlop Hardware Limited as at August 31, 1946, and certify that our requirements as auditors have been complied with.

A physical merchandise inventory is taken by the company annually as of February 28, but at August 31, 1946, the inventory was estimated by the management on a basis which we believe to be conservative.

Subject to the foregoing, we report that, in our opinion, the above interim pro forma balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs at August 31, 1946, after giving effect to the adjustments set forth above, according to the best of our information and the explanations furnished us.

ARTHUR A. CRAWLEY & CO.,

Chartered Accountants.

Toronto, October 28, 1946.

INTERIM BALANCE SHEET

AT AUGUST 31, 1946

ASSETS

CURRENT ASSETS:

Cash on hand.....	\$ 37,258.40	
Accounts receivable (after reserve of \$82,900.00).....	786,183.25	
Inventory of merchandise.....	1,123,188.24	
TOTAL CURRENT ASSETS.....		\$1,946,629.89

CASH SURRENDER VALUE OF LIFE INSURANCE.....		14,100.00
INVESTMENTS.....		75,001.00
ADVANCES TO COCHRANE-DUNLOP HARDWARE—QUEBEC, INC.....		62,936.60
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....		46,008.60
DEFERRED CHARGES.....		24,486.58

FIXED ASSETS:

Land.....	\$ 67,100.00	
Buildings and equipment.....	\$493,485.04	
Less: Reserve for depreciation.....	294,052.13	
		199,432.91
Furniture, fixtures and equipment.....	\$159,919.19	
Less: Reserve for depreciation.....	80,977.56	
		78,941.63
TOTAL FIXED ASSETS.....		345,474.54
		<u>\$2,514,637.21</u>

LIABILITIES

CURRENT LIABILITIES:

Bank overdraft and loans.....	\$ 556,713.36	
Accounts payable and accrued liabilities.....	512,188.93	
Reserve for Dominion Profits Taxes.....	70,593.90	
TOTAL CURRENT LIABILITIES.....		\$1,139,496.19

CAPITAL AND SURPLUS

SHAREHOLDERS:

7% Class A cumulative preferred stock: Authorized—1,000 shares of \$100.00 each; issued in 1926, redeemed and cancelled in 1935 and 1936.	
7% Class B cumulative preferred stock: Authorized—1,000 shares of \$100.00 each; none issued.....	<u>\$100,000.00</u>

COMMON STOCK:

Authorized—8,000 shares of \$100.00 each.....	<u>\$800,000.00</u>	
Issued—5,337 shares of \$100.00 each.....	\$ 533,700.00	
Surplus.....	841,441.02	
		1,375,141.02
		<u>\$2,514,637.21</u>

AUDITORS' CERTIFICATE

We have examined the above interim balance sheet of Cochrane-Dunlop Hardware Limited as at August 31, 1946, and certify that our requirements as auditors have been complied with.

A physical merchandise inventory is taken by the company annually as of February 28th, but at August 31, 1946, the inventory was estimated by the management on a basis which we believe to be conservative.

Subject to the foregoing, we report that, in our opinion, the above interim balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs at August 31, 1946, according to the best of our information and the explanations furnished us.

ARTHUR A. CRAWLEY & CO.,

Toronto, September 23, 1946.

Chartered Accountants.

STATEMENT OF EARNINGS AND DIVIDENDS

We have audited the accounts of Cochrane-Dunlop Hardware Limited for the financial periods ended February 28, 1937, to February 28, 1941, and February 28, 1944, to August 31, 1946, and have been furnished with the certified reports of Price, Waterhouse and Company, auditors of the company for the years ended February 28, 1942, and February 28, 1943.

Based on our examination and the reports of the auditors for 1942 and 1943, we report that, in our opinion, the earnings and dividends of Cochrane-Dunlop Hardware Limited for the year ended February 28, 1937 to 1946, and for the six months' period ended August 31, 1946, were as follows:

Year Ended	Profits, Before Providing for Depreciation and Income and Excess Profits Taxes	Depreciation	Federal and Provincial Income and Excess Profits Taxes excluding refundable portion*	Balance of Profits available for Shareholders
February 28, 1937	\$143,057.06	\$15,217.35	\$ 20,324.92	\$107,514.79
February 28, 1938	190,769.75	21,228.21	26,643.44	142,898.10
February 28, 1939	126,925.00	22,213.52	20,191.58	84,519.90
February 28, 1940	123,487.36	24,675.29	22,278.97	76,533.10
February 28, 1941	199,301.09	25,593.21	63,985.60	109,722.28
February 28, 1942	203,695.82	26,654.20	71,000.00	106,041.62
February 28, 1943	297,602.14	22,406.61	150,585.00	124,619.53†
February 28, 1944	247,466.77	20,079.60	122,864.93	104,522.24†
February 28, 1945	164,639.61	23,344.89	61,846.87	79,447.85
February 28, 1946	277,423.24	23,456.25	140,920.59	113,046.40†
August 31, 1946**	158,049.34	14,098.69	69,241.90	74,708.75

**Six months' period.

Dividends totalling \$382,275.00 were paid by the Company during the above period.

†Profits including refundable portion of Excess Profits Taxes, amounting to: 1943—\$16,415.00; 1944—\$14,338.41; 1946—\$15,255.19

*Taxes for the years 1935 to 1941 have been stated at amounts assessed by the Income Tax Department. No assessment has been received as yet for the years 1942 to 1946.

The standard profit of the Company as at August 31, 1946, amounted to \$146,815.56.

ARTHUR A. CRAWLEY & CO.,

Toronto, September 23, 1946.

Chartered Accountants.

PRO FORMA STATEMENT OF EARNINGS

We have audited the accounts of Cochrane-Dunlop Hardware Limited for the year ended February 28, 1946, and the six months ended August 31, 1946.

Based on our examination we report that, in our opinion, the earnings of Cochrane-Dunlop Hardware Limited for the year ended February 28, 1946, and six months ended August 31, 1946, adjusted to give effect to the savings in bank interest, costs of debenture interest and change in standard profit, as a result of the proposed issue of debentures of a par value of \$300,000.00 and preferred stock of a par value of \$450,000.00, were as follows:

Year Ended	Profits eliminating Interest Expense Before Providing for Depreciation and Income and Excess Profits Taxes	Depreciation	Debenture Interest Maximum Annual Requirement	Dominion Income and Excess Profits Taxes, excluding refundable portion*	Balance of Profits available for Shareholders
February 28, 1946	\$297,949.31	\$23,456.25	\$9,000.00	\$130,790.81	\$134,702.25†
Six months ended August 31, 1946	170,320.61	14,098.69	4,500.00	69,967.17	81,754.75

†Profits including refundable portion of Excess Profits Taxes, amounting to \$10,379.35.

*Income and Excess Profits Taxes, as estimated by the Company but not yet assessed by the Income Tax Department, have been adjusted for bond interest and change in standard profit due to refinancing.

The standard profit, after completion of the proposed financing referred to above, would amount to \$180,565.56.

ARTHUR A. CRAWLEY & CO.,

Toronto, September 23, 1946.

Chartered Accountants.

STOCK PROVISIONS AND VOTING POWER

The description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of shares including redemption rights, and rights on liquidation or distribution of capital assets attaching to the Preference, Class "A" and Common share capital of the Company is as follows:

A. CUMULATIVE REDEEMABLE PREFERENCE SHARES OF THE PAR VALUE OF \$25.00 EACH

The rights, preferences, priorities, limitations, conditions and restrictions attaching to the said Cumulative Redeemable Preference Shares (hereinafter called "Preference Shares") are as follows:

1. The holders of Preference Shares shall be entitled to receive, when and as declared by the Board of Directors of the Company, fixed, cumulative, preferential dividends at the rate of One Dollar and Twenty Cents (\$1.20) per annum per share and no more, such dividends to be cumulative from the 15th day of November, 1946, or from the respective dates of the issue of the said Preference Shares, whichever is later. Such cumulative preferential dividends shall be payable before any dividend shall be paid upon or set apart for any other shares of the Company and shall be cumulative so that no dividend shall be declared paid or set apart for payment upon or for any other shares of the Company unless all the then accumulated dividends upon all outstanding Preference Shares shall have been paid or declared and set apart and the current quarterly instalments of dividend upon the outstanding Preference Shares shall have been declared and set apart. Such dividends shall be payable quarterly on the fifteenth days of February, May, August and November in each year and shall be paid by warrant or cheque of the Company payable at par at any branch of the Company's bankers in Canada (Yukon Territory excepted).

2. The holders of Preference Shares shall be entitled on the liquidation, dissolution or winding up of the Company, or other distribution of assets of the Company among shareholders to repayment of the amount paid up on such Preference Shares together with an amount equivalent to all unpaid preferential dividends (which for such purpose shall be treated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends shall have been paid down to the date of such distribution) whether declared or not and whether or not there shall be a surplus to provide for the payment thereof and if such liquidation, dissolution or winding up be voluntary, an additional amount of One Dollar and Twenty-five Cents (\$1.25) per share on each Preference Share. Such payment shall be made to the holders of Preference Shares before the holders of any of the Common Shares or other shares of the Company ranking junior to Preference Shares shall be entitled to repayment of the amount or any part thereof paid up on such Common Shares or other shares of the Company ranking junior to Preference Shares or to participate in the assets of the Company, but the holders of Preference Shares shall not have the right to any further participation in the assets of the Company.

3. The Company may purchase in the open market or by invitation for tenders addressed to all the holders of record of Preference Shares outstanding, the whole or from time to time any part of the Preference Shares outstanding at the lowest price at which, in the opinion of the Board of Directors of the Company, such shares are obtainable but such price shall not in any case exceed the redemption price for such shares so purchased plus the cost of purchase together with an amount calculated as if the preferential dividends on such shares were accruing from the expiration of the last quarterly period for which dividends shall have been paid down to the date of such purchase. From and after the date of purchase of any Preference Shares under the provisions of this paragraph contained, the Preference Shares so purchased shall be deemed to be redeemed and shall be cancelled.

4. Upon giving notice as hereinafter provided, the Company may redeem the whole or may from time to time redeem any part of the then outstanding Preference Shares on payment for each such share to be redeemed of the par value of each such share plus One Dollar and Twenty-five Cents (\$1.25) per share together with an amount calculated as if the preference dividends on such shares were accruing for the period from the expiration of the last quarterly period for which dividends have been paid down to the date of such redemption. In case a part only of the Preference Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors in its sole discretion shall by resolution determine.

5. In any case of redemption of Preference Shares under the provisions of paragraph 4 hereof, the Company shall give at least thirty (30) days' notice in writing to each person who at the date of giving such notice is the holder of Preference Shares to be redeemed of the intention of the Company to redeem such shares. Such notice shall be given by posting the same in a postage paid, registered letter, addressed to each holder of Preference Shares to be redeemed at the last address of such shareholder as it appears on the books of the Company, or in the event of the address of any shareholder not so appearing, then to the address of such shareholder last known to the Company. Such notice shall set out the number of such shares held by the person to whom it is addressed which are to be redeemed and the redemption price. Such notice shall also set out the date on which the redemption is to take place and, on and after the date so specified for redemption, the Company shall pay or cause to be paid to the holders of Preference Shares to be redeemed the redemption price on presentation and surrender at the Head Office of the Company, or at any other place or address within the Dominion of Canada designated by such notice, of the certificate or certificates for such Preference Shares so called for redemption. Such shares shall thereupon be cancelled and the redemption thereof completed. If a part only of such Preference Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued. From and after the date specified in any such notice, the Preference Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made by the Company upon presentation and surrender of the certificates in accordance with the foregoing provisions. Should the holders of any such Preference Shares so called for redemption fail to present the certificate or certificates representing such shares on the date specified for redemption, the Company shall have the right to deposit the redemption price of such shares with any chartered bank or banks or trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective holders of such shares to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, and, upon such deposit or deposits being made, such shares shall be deemed to be redeemed and cancelled. After the Company has made a deposit as aforesaid with respect to any shares, the rights of the holders of such shares as against the Company shall be limited to receiving the amount so deposited, without interest, and such holders shall not be entitled to any further participation in the assets of the Company or to exercise any rights as holders of such Preference Shares so redeemed and cancelled.

Preference Shares purchased or redeemed by the Company shall not be reissued.

6. Subject as hereinafter provided, so long as any Preference Shares remain outstanding, the Company shall not, without the consent as herein defined of holders of Preference Shares, create or permit any subsidiary Company to create any mortgage, lien or other encumbrance upon fixed assets of the Company or of any subsidiary company, except from time to time:

- (a) Any mortgage or mortgages, lien or liens, or other encumbrance or encumbrances given or assumed by the Company or by any subsidiary company on any fixed assets acquired by the Company or by any subsidiary company after the 15th day of November, 1946, for amounts not exceeding Seventy-five Per Cent (75%) of the sum of the cost of such assets plus the expenditure upon subsequent improvements, less reasonable and proper depreciation thereon as shown by an Auditor's Report at the time of giving the mortgages, liens or other encumbrances and the liability on any or all of such mortgages, liens or other encumbrances may from time to time be renewed or refunded on such terms and conditions as may be approved by the Company and the liability on any or all of such mortgages, liens or other encumbrances given or assumed by the Company or by any subsidiary company may be guaranteed by the Company and or any subsidiary company.
- (b) Any security under the provisions of the Bank Act and/or otherwise given by the Company and/or any subsidiary company to any bank or banks, person, firm or corporation in the ordinary course of their respective businesses for the purpose of carrying on the same for current loans, which means loans which are repayable on demand or loans which mature within twelve (12) months from the date of the making or incurring of the same, and includes any renewal of any loan which renewal is repayable on demand or within twelve (12) months from the making of such renewal.

Provided that notwithstanding the foregoing the Company may without the consent of the holders of Preference Shares, create and issue bonds or debentures secured by a first floating charge on the assets of the Company payable at such time or times and bearing such rate of interest and having such other terms and conditions as the Board of Directors of the Company may determine and create any lien, charge or encumbrance to secure the same, to an aggregate principal amount not exceeding \$300,000, and after the issue of bonds or debentures to the maximum amount hereby authorized the Company may from time to time renew or refund the bonds or debentures on such terms and conditions as the Board of Directors of the Company may determine but may not increase the aggregate amount of the bonds or debentures outstanding at the time of such renewal or refunding.

7. So long as any of the Preference Shares remain outstanding no class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Preference Shares nor shall the authorized amount of Preference Shares be increased without the consent as herein defined of holders of Preference Shares, nor shall the Company without such consent permit any subsidiary company to issue shares to any one other than the Company.

8. No dividends shall at any time be declared or paid or set apart for the Common Shares or any shares of the Company ranking junior to the Preference Shares or any part thereof;

- (a) Unless all accrued dividends on the Preference Shares then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart.
- (b) When the payment of such dividends would reduce the "Working Capital" of the Company as herein defined after such dividend has been paid, to an amount less than One Hundred and Twenty-five Per Cent (125%) of the aggregate par value of the Preference Shares outstanding.

9. The Company shall not redeem or otherwise pay off any Common Shares of the Company or any shares of the Company ranking junior to Preference Shares while any Preference Shares are outstanding, unless such outstanding Preference Shares shall also be redeemed concurrently therewith and in priority thereto as regards the right to the repayment of the total redemption price thereof.

10. If at any time there shall remain unpaid in the aggregate eight quarterly dividends on the Preference Shares (whether for consecutive quarterly periods or not) whether such dividends have been declared or not and whether or not there are any moneys of the Company properly applicable to the payment of dividends, then from and after the due date of the eighth quarterly dividend which is not paid and so long as any dividends remain in arrears, the holders of the Preference Shares shall be entitled to receive notices of all meetings of shareholders and to one vote in respect of each Preference Share held and in addition shall be exclusively entitled as a class to elect two members of the Board of Directors of the Company. Nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its Directors.

Notwithstanding anything contained in the By-Laws of the Company, the term of office of all persons who may be Directors of the Company at any time when the right to elect Directors shall accrue to Preference Shares as herein provided, or who may be appointed as Directors after such right shall have accrued and before a meeting of shareholders shall have been held, shall terminate upon the election of new Directors at the next annual meeting of shareholders or at a special general meeting which may be held for the purpose of electing Directors at any time after the accrual of such voting rights upon not less than twenty (20) days' written notice and shall be called by the Secretary of the Company upon a written request of the holders of record of at least one-tenth of the outstanding Preference Shares; in default of the calling of such special general meeting by the Secretary within five days after the making of such request, it may be called by any holder of record of Preference Shares.

Any vacancy occurring among members of the Board elected by the holders of Preference Shares in accordance with the foregoing provision may be filled by the Board with the consent and approval of the remaining Director elected by the holders of Preference Shares in accordance with the foregoing provision, but if there be no such remaining Director, the Board may appoint two holders of Preference Shares to fill the vacancies. The holders of record of at least one-fifth of the outstanding Preference Shares shall have the right to require the Secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling such vacancy or vacancies not filled by the Board or for the purpose of replacing either or both the persons appointed by the Board to fill such vacancies and the provisions of the last preceding sub-paragraph hereof shall apply in respect of the calling of such meeting.

Notwithstanding anything contained in the By-Laws of the Company, upon any termination of the voting rights of Preference Shares as herein provided, the term of office of the Directors elected to represent the holders of Preference Shares shall terminate. Upon discharge from time to time, of all arrears of dividends upon Preference Shares, any voting right which shall theretofore have accrued to the holders of Preference Shares under the foregoing provision, shall cease and shall be revived only in the event of further default occurring in payment of eight quarterly dividends as above provided.

Save as herein provided, the holders of Preference Shares shall not be entitled to vote or attend at any meetings of the shareholders of the Company in respect of any Preference Shares held by them, but shall be entitled to receive notice of all shareholders' meetings.

11. The holders of Preference Shares shall not be entitled as of right to subscribe for, purchase or receive any part of any issue of shares or of bonds, debentures or other securities of the Company now or hereafter authorized.

12. The foregoing provisions may be repealed, altered, modified, amended or amplified by Supplementary Letters Patent but only with the consent as herein defined of holders of Preference Shares.

13. The following words and phrases as used herein shall be construed as having, and shall have, the following meanings:—"Working Capital" of the Company means the excess of the Consolidated Current Assets over the Consolidated Current Liabilities of the Company and of any subsidiary company or companies as at the end of the last completed fiscal year prior to the date of the declaration of the dividend in question as shown by the Balance Sheets of the Company and of any subsidiary company or companies as at the end of such fiscal year as reported on by the Auditors of the Company and any subsidiary company or companies.

"Subsidiary Company" as used herein means and includes a Company of the voting shares of whose capital stock not less than Eighty Per Cent (80%) is owned or controlled by the Company, providing the ownership or control of such voting shares confers the right to elect at least a majority of the Board of Directors. Any company which at any time and from time to time is in like relation to a subsidiary company shall also be deemed to be a subsidiary of the Company, and all subsidiaries as above defined of such subsidiary of the Company shall be deemed to be subsidiary companies for the purpose hereof.

"Consent of Holders of Preference Shares" as used herein means the approval of holders of Preference Shares given in writing by the holders of a majority of the outstanding Preference Shares or by resolution passed or by by-law sanctioned at a meeting of holders of Preference Shares duly called and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds of the Preference Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within half an hour after the time appointed for the meeting then the meeting shall be adjourned to such date being not less than Twenty (20) days later and to such time and place as may be appointed by the Chairman and at least fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose of which the meeting was originally called. At such adjourned meeting the holders of Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the holders of not less than two-thirds of the Preference Shares represented and voted at such meeting cast on a poll shall constitute the consent of holders of Preference Shares. The formalities to be observed with respect to the giving of notice of any such meeting and adjourned meeting and the conduct thereof shall be those from time to time described in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Preference Shares shall be entitled to one vote in respect of each share held.

B. CLASS "A" SHARES AND COMMON SHARES WITHOUT NOMINAL OR PAR VALUE

The Class "A" Shares and Common Shares are subject to the rights, preferences, privileges, and restrictions or limitations as follows:

1. The holders of Class "A" Shares, as such holders, shall be entitled to receive out of the surplus or net profits of the Company when and as declared by the Board of Directors, fixed, cumulative, preferential dividends of Eighty Cents (80c) per annum in the aggregate, and no more, in respect of each fully paid Class "A" Share held by them and such dividends shall be paid in equal quarterly instalments on the fifteenth days of February, May, August and November in each year commencing with the fifteenth day of February, 1947; and no dividends, bonuses or other distributions out of surplus or net profits shall be declared or paid or set apart for payment on the Common or any shares ranking junior to the Class "A" Shares unless all dividends accrued or accruing due on the Class "A" Shares in respect of all prior periods and the current quarter-yearly period shall have been paid or set apart for payment whether declared or not.

2. Notwithstanding the foregoing provisions, the Company shall not declare or pay any dividend or bonus out of its surplus or net profits on the Common or any shares ranking junior to the Class "A" Shares at any time when the Net Working Capital of the Company as hereinafter defined shall be less than ten times the dividend requirements on the Class "A" Shares then outstanding or the payment of which would have the effect of reducing such Net Working Capital below that sum. The expression "Net Working Capital" of the Company means the excess of the Consolidated Current Assets over the Consolidated Current Liabilities of the Company and of any subsidiary company or companies as at the end of the last completed fiscal year prior to the date of the declaration of the dividend in question as shown by the Balance Sheets of the Company and of any subsidiary company or companies as at the end of such fiscal year as reported on by the Auditors of the Company and any subsidiary company or companies.

3. On any distribution of assets to the shareholders other than by way of dividend or bonus out of surplus or net profits, the holders of Class "A" Shares and the holders of Common Shares shall be entitled to participate equally share for share, except that the holders of the Class "A" Shares, as such, shall be entitled to receive in priority to the holders of Common Shares, as such, all preferential dividends then accrued or accruing due and unpaid whether declared or not.

4. At any time up to 12 o'clock noon, Eastern Standard Time, on the 15th day of November, 1956, except when the Transfer Books of the Company are closed, the holder of Class "A" Shares shall be entitled to have any or all of the Class "A" Shares held by him converted into Common Shares of the Company's stock on the basis of one Common Share for each Class "A" Share which such holder may desire to convert. In order to exercise such right of conversion, such holder shall deliver and surrender to the Secretary of the Company or to the Company's Transfer Agent the certificate respecting the Class "A" Shares which he desires to convert, together with a written notice exercising such right of conversion, which notice shall state the name or names in which he wishes the certificates for Common Shares to be issued and the address to which he wishes such certificates for Common Shares to be sent. He shall also pay any governmental or other tax imposed in respect of such transaction. The Common Shares issued by the Company in respect of such conversion shall be deemed to be fully paid and non-assessable. In the event that 90% of the Class "A" Shares are converted into Common Shares then all the remaining Class "A" Shares may, at any time and from time to time at the Company's option, be converted into and become Common Shares. In order to exercise such option the Company shall cause its Transfer Agent to give each holder of Class "A" Shares notice in writing of the exercise of such option, sent by prepaid registered mail addressed to his address appearing on the books of the Company, which notice shall require such holder to surrender the certificate or certificates representing the Class "A" Shares to be converted at the office of such Transfer Agent within 30 days after the mailing of such notice and such holder shall thereupon surrender the certificates representing the Class "A" Shares so to be converted, together with a notice to such Transfer Agent stating the name or names in which he wishes the certificates for Common Shares to be issued and the address to which he wishes such certificates for Common Shares to be sent. The Company shall, after receipt of the certificate or certificates representing the Class "A" Shares so surrendered, forthwith on the expiry of the said 30 days, issue the appropriate number of Common Shares to each holder of the Class "A" Shares so surrendered; and after the date so fixed for surrender the said Class "A" Shares shall be deemed to be converted into Common Shares and the holders thereof shall cease to have any rights in respect thereof except the right to receive Common Share certificates and the right to receive any arrears of dividends unpaid on such Class "A" Shares and a pro-rata proportion of the current quarter-yearly dividend calculated to the date so fixed for such surrender as though such dividends were accruing from day to day.

5. The holders of Class "A" Shares as such shall not be entitled (except as hereinafter specifically provided) to attend any meeting of the shareholders of the Company or to vote at any such meeting unless and until the Company from time to time shall fail to pay in the aggregate six (6) quarterly dividends on the Class "A" Shares on the dates on which the same should be paid according to the terms hereof whether or not such dividends have been declared and whether or not there are moneys of the Company properly applicable to payment of dividend. Thereafter so long as any quarterly dividends remain in arrears the holders of the Class "A" Shares shall be entitled to one vote in respect of each Class "A" Share held.

6. So long as any of the Class "A" Shares are outstanding the Company shall not be voluntarily liquidated, dissolved or wound up or its assets distributed among the shareholders or surrender its charter without the approval of the holders of Class "A" Shares hereinafter specified.

7. So long as any of the Class "A" Shares are outstanding the Company shall not without but may from time to time with the approval of the holders of the Class "A" Shares hereinafter specified and the approval of the holders of the Common Shares to be given by resolution passed at a meeting of the holders of the Common Shares held for the purpose,

- (a) sell or otherwise dispose of or permit any subsidiary company to dispose of (except to the Company or a subsidiary company) by conveyance, transfer, lease or otherwise the assets and undertaking of the Company or of a subsidiary company as the case may be as an entirety, or substantially as an entirety;
- (b) create or cause or permit any subsidiary company to create any mortgage, lien, charge or encumbrance of any kind on any part of the property, real or personal, assets or undertaking of the Company or of any subsidiary company or cause or suffer any lien in the nature of a mortgage to be placed thereon or issue or cause or permit any subsidiary company to issue any bonds, debentures, debenture stock or other evidence of indebtedness secured thereon or create or issue or cause or permit any subsidiary company to create or issue any funded indebtedness; provided, however, that the restrictions in this sub-paragraph (b) contained shall not apply to or operate to prevent
 - (i) the assuming or giving of purchase money mortgages or other purchase money liens on property acquired by the Company or any subsidiary after November 15th, 1946, or the acquiring of property subject to any mortgage, lien or encumbrance thereon existing at the time of such acquisition or
 - (ii) the renewing, refunding or replacing of any mortgage, lien, charge, encumbrance or indebtedness existing on November 15th, 1946, or permitted under subdivision (i) of this sub-paragraph to the extent of the principal amount of any such mortgage, lien, charge, encumbrance or indebtedness at the time of such renewal, refunding or replacing or
 - (iii) the borrowing of money for the purposes of the Company or any subsidiary company from any bank, trust company or other loaning institution in Canada or elsewhere from time to time or the giving to such bank, trust company or other loaning institution of security for the moneys so borrowed and/or for any liability of the Company or subsidiary company under the provisions of The Bank Act or otherwise; provided that any such borrowing and/or liability does not constitute funded indebtedness or
 - (iv) the making of any loans or advances by the Company to a subsidiary or by a subsidiary to the Company or by any subsidiary to any other subsidiary or the creation or issuance of any mortgage, lien, charge or encumbrance by the Company in favour of any subsidiary or by any subsidiary in favour of any other subsidiary;

Provided that notwithstanding the foregoing the Company may, without the consent of the holders of the Class "A" Shares, create and issue bonds or debentures secured by a first floating charge on the assets of the Company payable at such time or times and bearing such rate of interest and having such other terms and conditions as the Board of Directors of the Company may determine and create any lien, charge or encumbrance to secure the same, to an aggregate principal amount not exceeding \$300,000 and after the issue of bonds or debentures to the maximum amount hereby authorized the Company may from time to time renew or refund the bonds or debentures on such terms and conditions as the Board of Directors of the Company may determine but may not increase the aggregate amount of the bonds or debentures outstanding at the time of such renewal or refunding.

- (c) authorize any additional Class "A" Shares or Common Shares or authorize any other shares of any class ranking in priority to or on a parity with or junior to the Class "A" Shares or sub-divide or change any of the shares of the authorized capital of the Company into a different number of shares or declare any dividends payable in capital stock of the Company;

"Subsidiary Company" as used herein means and includes a Company of the voting shares of whose Capital Stock not less than Eighty Per Cent (80%) is owned or controlled by the Company, providing the ownership or control of such voting shares confers the right to elect at least a majority of the Board of Directors. Any company which at any time and from time to time is in like relation to a subsidiary company shall also be deemed to be a subsidiary of the Company, and all subsidiaries as above defined of such subsidiary of the Company shall be deemed to be subsidiary companies for the purposes hereof.

8. The approval of holders of Class "A" Shares as to any and all matters hereinbefore referred to as requiring their approval or as being permitted with their approval may be given in writing by the holders of a majority of the outstanding Class "A" Shares or by resolution passed at a meeting of holders of Class "A" Shares duly called and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Class "A" Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds of the Class "A" Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Class "A" Shares are not present or represented by proxy within half an hour after the time appointed for the meeting then the meeting shall be adjourned to such date being not less than twenty (20) days later and at such time and place as may be appointed by the Chairman of the meeting and at least fifteen

(15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Class "A" Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the holders of not less than two-thirds of the Class "A" Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Class "A" Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the By-Laws of the Company with respect to meetings of shareholders, and at any such meeting Directors and officials of the Company shall be entitled to attend for the purpose of furnishing such information as they may consider necessary or desirable with respect to matters to be brought before the meeting. On every poll taken at every such meeting or adjourned meeting every holder of Class "A" Shares shall be entitled to one vote in respect of each Class "A" Share held.

9. At all meetings of the shareholders of the Company, the holders of the Common Shares shall be entitled to one vote for each Common Share held by them.

10. In the event of either class being at any time sub-divided, consolidated, converted or exchanged for a greater or lesser number of shares of the same or another class, appropriate adjustment shall be made in the rights and conditions attaching to the Class "A" Shares and Common Shares respectively so as to preserve in all respects the benefits hereby conferred on the holders of each class.

11. No holder of Class "A" Shares or Common Shares shall be entitled as such holder to subscribe for the purchase or to receive any part of any issue of shares or of bonds, debentures or other securities of the Company.

12. The foregoing provisions may be repealed, altered, modified, amended or amplified by Supplementary Letters Patent but only with the approval of the holders of Class "A" Shares hereinbefore specified in addition to any vote or approval required by the Companies Act.

13. The formalities to be observed in respect of the giving of notice of any special general meeting for any of the purposes above mentioned, and the conduct thereof, shall be those from time to time prescribed in the By-Laws of the Company in respect of meetings of shareholders.

DISTRIBUTION OF STOCK ON JANUARY 6th, 1947.

Holders of	PREFERRED		CLASS A		COMMON	
	No. of Holders	No. of Shares	No. of Holders	No. of Shares	No. of Holders	No. of Shares
1 - 100 share lots	126	6,560	219	12,290	256	5,935
101 - 200 " "	22	4,040	23	4,170	9	1,445
201 - 300 " "	1	300	9	2,500	1	300
301 - 400 " "	4	1,600	1	400	2	720
401 - 500 " "	1	500	13	6,500	2	1,000
501 - 1000 " "	4	3,500	4	3,800	3	2,600
1001 - up " "	1	1,500	6	23,420	11	94,160
	<u>159</u>	<u>18,000</u>	<u>275</u>	<u>53,080</u>	<u>284</u>	<u>106,160</u>

(NOTE.—29 old common shares, which are exchangeable into 290 class A and 580 common shares, have not yet been exchanged. The exchange of these shares will bring the total distribution to 18,000 preferred, 53,370 class A and 106,740 common shares.)

